

# HUD Improper Payment Reporting



## An Investigation of Tenant Misreporting of Income via a Data Match with the National Directory of New Hires

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## Presentation Topics

- ❖ **Improper Payment Measurement for Federal Programs**
- ❖ **HUD's Improper Payment Program**
- ❖ **Measuring Tenant Misreporting of Income**
- ❖ **Error Findings**

# Improper Payment Measurement for Federal Programs

- ❖ **Respond to the Improper Payments Information Act of 2002 (IPIA) and the  
The Improper Payments Elimination and Recovery Act of 2010 (IPERA)**
- ❖ **HUD originally designed their improper payment studies in the 1980's-1990's**

# Improper Payment Measurement for Federal Programs

- ❖ **Federal improper payment information is reported on**

**<https://paymentaccuracy.gov>**

- ❖ **HUD's rental housing assistance programs are considered high risk because they have more than \$750 million in improper payments in a given year**



# HUD's Improper Payment Program

- ❖ **Three components comprise HUD's improper payment program:**
  - **Quality Control (QC) Study**
  - **Income Match Study**
  - **Billing Studies**

# HUD's Improper Payment Program

## ❖ Program Administrator Error (QC Study) -

**Includes errors associated with:**

- **Determining eligibility for the program (people who are admitted to an assisted-housing program but should not be)**
- **Calculating tenant rent (people who are paying too little or too much rent)**

# HUD's Improper Payment Program

## ❖ Intentional Tenant Income Misreporting Error (Income Match Study) –

**Includes errors associated with:**

- Unreported wage income
- Unreported unemployment compensation

## ❖ Administrator Billing Error (Billing Studies) –

**Includes errors associated with:**

- Mistakes made in the billing process with HUD

# HUD's Improper Payment Program

- ❖ **Respond to HUD's concerns about improving program integrity for its largest assisted housing programs**
  - **Public Housing**
  - **Section 8 Housing Choice Vouchers and Moderate Rehabilitation**
  - **Owner-Administered Section 8, 202, and 811**

**These programs serve approximately 4.7 million households annually**



# Measuring Tenant Misreporting of Income

**Step #1 – Conduct the QC Study**

**Step #2 – Conduct the Income Match Study**

# Measuring Tenant Misreporting of Income

## Step #1 – Conduct the QC Study

**1a. Select a nationally representative sample of housing “projects” and households**

**1b. Conduct record reviews of the tenant files**

**1c. Conduct household interviews with tenants**

**1d. Collect additional third-party verification, if needed**

# Measuring Tenant Misreporting of Income

## Step #1 – Conduct the QC Study

Data collected include:

### ❖ Household Composition Items

- Who lives in the household, date of birth, relationship to the head of household, citizenship status, Social Security number etc.

### ❖ Income

- Employment, Social Security, retirement, unemployment compensation etc.

# Measuring Tenant Misreporting of Income

## Step #1 – Conduct the QC Study

Data collected include:

### ❖ Assets

- Checking and savings accounts, certificates of deposit, life insurance, 401K, stocks, bonds etc.

### ❖ Expenses

- Medical, child care, disability

# Measuring Tenant Misreporting of Income

## Step #1 – Conduct the QC Study

Comparison of actual rent to quality control rent values

- ❖ Actual information source
  - HUD 50058 or HUD 50059 Forms found in the tenant file
  
- ❖ Quality Control information sources
  - Documents found in the tenant file
  - Household interview
  - Third-party verification obtained by ICF

# Measuring Tenant Misreporting of Income

## Step #1 – Conduct the QC Study

**Error estimates are produced based on information from the tenant file, household interviews and third-party sources, but**

**The QC Study does not provide any information on intentional unreporting of tenant earned income.**

# Measuring Tenant Misreporting of Income

## Step #2 – Conduct the Income Match Study

**2a. Produce a list of all adult household members from the QC Study**

- **Social Security number**
- **Date of birth**

**2b. Provide to HUD for data match with the National Directory of New Hires (NDNH)**

# Measuring Tenant Misreporting of Income

## National Directory of New Hires Database (NDNH)

- **Maintained by US Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement**
- **Initially created as a mechanism to enforce child support payments for absent parents**
- **Provides quarterly wage information by employer**



Administration for Children & Families  
Office of Child Support Enforcement

# Measuring Tenant Misreporting of Income

## Step #2 – Conduct the Income Match Study

### 2c. Evaluate returned data for new sources of wage income and unemployment compensation

- Employer name and location
- Tenant name
- Time frame that wages were earned relative to QC Study

### 2d. Collect third-party verification to investigate potential new sources of income



# Measuring Tenant Misreporting of Income Case Dispositions – FY 2013

Case Disposition	Total
QC Household Sample Size	2402
QC Households with Earnings or Unemployment Compensation	869
Households where NDNH Data Identified Income Sources Did Not Match QC Study Sources	259
<ul style="list-style-type: none"> <li>Earned Income</li> <li>Unemployment Compensation</li> </ul>	43
Households with Unreported Income	75
<ul style="list-style-type: none"> <li>Earned Income</li> <li>Unemployment Compensation</li> </ul>	9
Total Sources of Unreported Income that Affected Subsidy Determinations for QC Households	84

# Measuring Tenant Misreporting of Income Error Findings – FY 2013

HUD Administration Type	Subsidy Cost		
	FY 2011	FY 2012	FY 2013
Public Housing	\$78.6	\$203.7	\$87.6
Housing Choice Voucher & Moderate Rehabilitation	\$265.7	\$168.8	\$153.8
Owner-administered	\$84.2	\$46.7	\$73.9
<b>Total</b>	<b>\$428.5</b>	<b>\$419.2</b>	<b>\$315.2</b>

# Measuring Tenant Misreporting of Income Error Findings

**Error estimates vary widely because they are based on a small number of cases.**

**Typically less than 10 cases for unemployment compensation and about 70 cases for earned income per study.**

## For More Information ...

**<http://www.huduser.org/portal/>**

**Search for “quality control” to obtain copies  
of recent study reports**

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**Thank you**